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State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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801-538-5340

March 4, 1992

Mr. Paul C. Spor
General Manager
North Lily Mining Company
P.O. Box 421
Eureka, Utah 84628

Paul
Dear Mr. Spor:

Re: Partial Approval of Permit Amendment, Supplemental Mine Waste Dump Development, Tintic Heap Leach Project, M/023/007, Juab County, Utah

On February 13, 1992, the Division completed its initial review of North Lily Mining Company's (NLMC) permit amendment application to rework a number of old mine waste dumps in the Tintic Mining District. A number of deficiencies were noted and a technical review document was forwarded to NLMC.

After reviewing the deficiency document, NLMC has determined that they cannot provide the required information to this office before mid-March 1992. You have indicated that the operation will run out of leachable ore reserves before this date. If NLMC is not able to proceed with a limited development of the proposed waste dumps, this will force a temporary suspension of operations and cause a subsequent unacceptable loss of gold production.

As we indicated in our February 13, 1992 letter, the Division has sufficient reclamation surety to allow an additional seven (7) acres of disturbance. You have indicated that NLMC is completing their current activities at the Centennial/Eureka dump and would like to move the screening and conveying equipment to the smaller, adjacent, Eureka Hill dump areas.

It is the Division position after reevaluating NLMC's recent proposal, the adequacy of the existing surety and associated extenuating circumstances, that a phased approval allowing continued development of the Eureka Hill dump areas is reasonable. This phased approval is conditioned upon NLMC's agreement to provide the supplemental information, as requested in our February 13, 1992 letter, no later than March 16, 1992.

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Mr. Paul C. Spor
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Thank you for your continued cooperation and patience in finalizing this permitting action. Please contact me or Wayne Hedberg of my staff if you have additional questions in this matter.

Sincerely,

A handwritten signature in cursive script, appearing to read "Lowell".

Lowell P. Braxton
Associate Director, Mining

jb
cc: Minerals staff (route)
M023007.3